

could never have made substantial dividends or acquired any considerable volume of business without the power to transmute their assets into circulating notes.

The majority of the departmental banks were founded between 1835 and 1840,—the period when the failure of the Bank of France to meet expanding commercial needs began to be most keenly felt. The Bank of France was generally regarded as an institution for bankers rather than for merchants and the latter obtained their discounts at the bank through the intervention of private discount houses. Many of these houses suspended during the political disturbances of 1830, and it became necessary to appoint a royal commission to report upon the commercial and industrial situation and ^{to} propose measures suitable to restore to business transactions and the circulation their usual regularity." The proposition which became law on October 17, 1830, proposed to make loans directly from the Treasury and fixed the amount at 30,000,000 francs (\$6,000,000). A discount office (*Comptoir d'Escompte*) was established at Paris with a capital of 1,300,000 francs, which it was authorized to lend at four per cent, on bills upon Paris and at five per cent, on those upon the provinces. Various amounts were afterwards added to the capital and the *comptoir* was continued with the guarantee of the City of Paris until September 30, 1832. The total discounts from December 31, 1830, covered 59,928 pieces of commercial paper amounting to 33,191,433 francs. Similar offices were established in many of the departments and contributed with the direct government loans towards the accommodation of industry. The government commission made loans in Paris for periods of twelve, eighteen, and twenty-four months, distributing them with some reference to the number of laborers employed, and assisted nearly 450 establishments in fifty-three departments outside of Paris, employing more than eighty thousand men.¹ The amount of these loans reported still bad or doubtful in 1870 was 905,312 francs (\$180,000).

A similar device was resorted to again after the revolution

¹ Courtois, 137-45-